

**CITY COURT OF
NATCHITOCHES, LOUISIANA
ANNUAL FINANCIAL REPORT**

DECEMBER 31, 2014

City Court of Natchitoches, Louisiana
Financial Report
December 31, 2014

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Required Supplementary Information		
Management's Discussion and Analysis	-	1-4
Independent Accountant's Review Report	-	5-6
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	A	9
Statement of Activities	B	10
Fund Financial Statements		
Balance Sheet-Governmental Funds	C	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	13
Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds	E	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	F	15
Statement of Fiduciary Net Position-Fiduciary Funds	G	16
Notes to Financial Statements	-	18-25
Other Required Supplementary Information		
Budgetary Comparison Schedule-Judicial Fund	H-1	27
Budgetary Comparison Schedule-Building Fund	H-2	28
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	I	29
Supplementary Information		
Independent Accountant's Report on Applying Agreed-Upon Procedures	J	30-32
Louisiana Attestation Questionnaire	K	33-34

CITY COURT OF NATCHITOCHES, LOUISIANA

P. O. Box 70
Natchitoches, LA 71458-0070

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City Court of Natchitoches, Louisiana's (hereafter referred to as the Court) annual financial report presents an overview and analysis of the Court's financial activities for the year ended December 31, 2014. The intent of the MD&A is to look at the Court's financial performance as a whole. It should, therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the Court's operations.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Court as a whole and presents a longer-term view of the Court's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

Government-Wide Financial Statements

- The Statement of Net Position presents all of the Court's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the Court's net position may serve as a useful indicator of whether the financial position of the Court is improving or deteriorating.
- The Statement of Activities presents information showing how the Court's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

Fund Financial Statements

The services provided by the Court are financed through governmental funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Court conducts its day-to-day operations through governmental funds, the General Fund, and the Building Fund. The Court also maintains a Fiduciary Fund, in which the funds are simply held for other parties and cannot be used for any of the Court's activities, it is not included in the government-wide statement, but is separately reported in the statement of the Fiduciary Fund. These statements provide a short-term view of the Court's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Court.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	<u>2014</u>	<u>2013</u>
ASSETS:		
Assets	\$25,721	\$49,564
Capital Assets, Net of Accumulated Depreciation	<u>8,580</u>	<u>5,959</u>
Total Assets	<u>\$34,301</u>	<u>\$55,523</u>
LIABILITIES:		
Overdraft	\$ 0	\$ 246
Accounts Payable	9,870	1,391
Payroll Liabilities	<u>3,484</u>	<u>5,854</u>
Total Liabilities	<u>\$13,354</u>	<u>\$ 7,491</u>
NET POSITION:		
Net Investment in Capital Assets	\$ 8,580	\$ 5,959
Unrestricted	<u>12,367</u>	<u>42,073</u>
NET POSITION	<u>\$20,947</u>	<u>\$48,032</u>

Summary of Statement of Activities

	<u>2014</u>	<u>2013</u>
REVENUES:		
General Revenues-		
Intergovernmental	\$160,621	\$216,805
Other	<u>55,265</u>	<u>0</u>
Total Revenues	<u>\$215,886</u>	<u>\$216,805</u>
EXPENSES:		
Operating Services	\$ 24,640	\$ 72,633
General and Administration	186,196	125,700
Travel and Other	<u>32,135</u>	<u>8,085</u>
Total Expenses	<u>\$242,971</u>	<u>\$206,418</u>
Change in Net Position	<u>\$ (27,085)</u>	<u>\$ 10,387</u>

- The Court's assets exceeded its liabilities by \$20,947 (net position) for the year. For the prior year, this was \$48,032.
- Unrestricted net position is \$12,367, this is a decrease of \$29,706 from prior year.

General Fund Budgetary Highlights

The operations of the City Court of Natchitoches are not affected by most economic conditions. The Court derives its revenue solely from fees levied by the Court.

Economic Factors and Next Year's Budget

The City Court's management considered many factors when setting the operating budget for the next fiscal year. As there are very minimal changes expected in the next fiscal year, the budget for FY 2015 should not change significantly from the FY 2014 budget.

Contacting the City Court

This financial report is designed to provide our citizens and creditors with a general overview of the Court's finances and to show the Court's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to City Court of Natchitoches, Clerk of Court at P. O. Box 70, Natchitoches, LA 71458-0070.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation

Roger M. Cunningham, CPA – A Professional Corporation

Jessica H. Broadway, CPA – A Professional Corporation

Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Honorable Fred S. Gahagan
City Court of Natchitoches
P. O. Box 70
Natchitoches, Louisiana 71458-0070

We have reviewed the accompanying financial statements of the governmental activities, the major funds, fiduciary funds, and the aggregate remaining fund information of the City Court of Natchitoches, Louisiana, a component unit of the City of Natchitoches, Louisiana, as of and for the year ended December 31, 2014, which collectively comprise the Court's basic financial statements as listed in the Table of Contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Court's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis, budgetary comparison information, and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on pages 1 through 4, 27 through 29, are presented

for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, or Louisiana State Law, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The information included in the budgetary comparison has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto. The information included in the management's discussion and analysis and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer have not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management. We have not audited or reviewed the management's discussion and analysis or the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer and accordingly, we do not express an opinion or any other form of assurance on them.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated April 23, 2015, on the results of our agreed-upon procedures on page 30 through 32, and pages 33 through 34 present the Louisiana Attestation Questionnaire.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

April 23, 2015
Natchitoches, LA 71457

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

City Court of Natchitoches, Louisiana
Statement of Net Position
December 31, 2014

	Governmental <u>Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$ 9,663
Revenue Receivable	<u>16,058</u>
Total Current Assets	\$25,721
Non-current Assets-	
Capital Assets (Net)	<u>8,580</u>
Total Assets	<u>\$34,301</u>
LIABILITIES:	
Current Liabilities-	
Payroll Liabilities	\$ 3,484
Accrued Payroll	3,010
Accounts Payable	<u>6,860</u>
Total Current Liabilities	<u>\$13,354</u>
NET POSITION:	
Net Investment in Capital Assets	\$ 8,580
Unrestricted	<u>12,367</u>
Total Net Position	<u>\$20,947</u>

See accompanying notes and independent accountant's review report.

City Court of Natchitoches, Louisiana
Statement of Activities
December 31, 2014

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		Net (Expense) Revenue and Changes <u>in Net Position</u> <u>Government Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Judicial:				
Salaries/Benefits	\$ 89,622	\$160,621	\$0	\$ 70,999
Office	14,463	0	0	(14,463)
Travel/Training	11,833	0	0	(11,833)
Operating Expense	<u>127,053</u>	<u>0</u>	<u>0</u>	<u>(127,053)</u>
Total Governmental Activities	<u>\$242,971</u>	<u>\$160,621</u>	<u>\$0</u>	\$ (82,350)
General Revenues:				
Other				<u>55,265</u>
Change in Net Position				\$ (27,085)
Net Position January 1, 2014				<u>48,032</u>
Net Position December 31, 2014				<u>\$ 20,947</u>

See accompanying notes and independent accountant's review report.

FUND FINANCIAL STATEMENTS

City Court of Natchitoches, Louisiana
Balance Sheet-Governmental Funds
December 31, 2014

	<u>Major Funds</u>		<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Building Fund</u>		
Assets:				
Cash & Cash Equivalents	\$ 6,498	\$ 610	\$2,555	\$ 9,663
Revenue Receivable	<u>15,038</u>	<u>1,020</u>	<u>0</u>	<u>16,058</u>
Total Assets	<u>\$21,536</u>	<u>\$1,630</u>	<u>\$2,555</u>	<u>\$25,721</u>
Liabilities:				
Accounts Payable	\$ 5,640	\$1,220	\$ 0	\$ 6,860
Accrued Payroll	3,010	0	0	3,010
Payroll Liabilities	<u>3,484</u>	<u>0</u>	<u>0</u>	<u>3,484</u>
Total Liabilities	<u>\$12,134</u>	<u>\$1,220</u>	<u>\$ 0</u>	<u>\$13,354</u>
Fund Balance:				
Restricted	\$ 0	\$ 410	\$2,555	\$ 2,965
Unassigned	<u>9,402</u>	<u>0</u>	<u>0</u>	<u>9,402</u>
Total Fund Balance	<u>\$ 9,402</u>	<u>\$ 410</u>	<u>\$2,555</u>	<u>\$12,367</u>
Total Liabilities and Fund Balance	<u>\$21,536</u>	<u>\$1,630</u>	<u>\$2,555</u>	<u>\$25,721</u>

See accompanying notes and independent accountant's review report.

City Court of Natchitoches, Louisiana
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
December 31, 2014

Total Fund Balance for the Governmental Funds at December 31, 2014	\$ 12,367
Total Net Position reported for Governmental Activities in the Statement of Net Position is different because:	
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of:	
Office Equipment and Fixtures	92,766
Less: Accumulated Depreciation	<u>(84,186)</u>
Total Net Position of Governmental Activities at December 31, 2014	<u>\$ 20,947</u>

See accompanying notes and independent accountant's review report.

City Court of Natchitoches, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balances-
Governmental Funds
Year Ended December 31, 2014

	<u>Major Funds</u>		Non-Major <u>Funds</u>	Total Governmental <u>Funds</u>
	<u>General Fund</u>	<u>Building Fund</u>		
REVENUES:				
Charges for Services	\$116,354	\$18,190	\$ 0	\$134,544
Fines, Fees & Costs	4,335	0	9,742	14,077
Miscellaneous	<u>55,249</u>	<u>0</u>	<u>16</u>	<u>55,265</u>
Total Revenues	<u>\$175,938</u>	<u>\$18,190</u>	<u>\$ 9,758</u>	<u>\$203,886</u>
EXPENDITURES:				
Current-				
Judicial-				
Salaries & Benefits	\$ 89,622	\$ 0	\$ 0	\$ 89,622
Office	6,161	12,361	0	18,522
Travel & Training	11,833	0	0	11,833
Operating Expense	14,640	0	10,000	24,640
Building & Grounds	0	5,830	0	5,830
Salary Reimbursement	70,211	0	0	70,211
Miscellaneous	8,302	0	0	8,302
Capital Expenditures	<u>4,630</u>	<u>0</u>	<u>0</u>	<u>4,630</u>
Total Expenditures	<u>\$205,399</u>	<u>\$18,191</u>	<u>\$ 10,000</u>	<u>\$233,590</u>
Deficiency of Revenues over Expenditures	<u>\$ (29,461)</u>	<u>\$ (1)</u>	<u>\$ (242)</u>	<u>\$ (29,704)</u>
OTHER FINANCING SOURCES (USES):				
Transfer-In	\$ 12,000	\$ 0	\$ 0	\$ 12,000
Transfer-Out	<u>0</u>	<u>0</u>	<u>(12,000)</u>	<u>(12,000)</u>
Total Other Financing Sources (Uses)	<u>\$ 12,000</u>	<u>\$ 0</u>	<u>\$(12,000)</u>	<u>\$ 0</u>
Deficiency of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ (17,461)</u>	<u>\$ (1)</u>	<u>\$(12,242)</u>	<u>\$ (29,704)</u>
Fund Balance-Beginning of Year	<u>26,863</u>	<u>411</u>	<u>14,797</u>	<u>42,071</u>
Fund Balance-End of Year	<u>\$ 9,402</u>	<u>\$ 410</u>	<u>\$ 2,555</u>	<u>\$ 12,367</u>

See accompanying notes and independent accountant's review report.

City Court of Natchitoches, Louisiana
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Funds
to the Statement of Activities
for the Year Ended December 31, 2014

Total Net Change in Fund Balance at December 31, 2014, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$(29,704)
The Change in Net Position reported for Governmental Activities in the Statement of Activities is different because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of capital assets recorded in the current period is	4,630
Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	<u>(2,011)</u>
Change in Net Position, per Statement of Activities	<u>\$(27,085)</u>

See accompanying notes and independent accountant's review report.

City Court of Natchitoches, Louisiana
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2014

	<u>Agency Funds</u>
Assets:	
Cash	<u>\$187,934</u>
Liabilities:	
Unsettled Deposits	<u>\$187,934</u>

See accompanying notes and independent accountant's review report.

NOTES TO FINANCIAL STATEMENTS

City Court of Natchitoches, Louisiana
Notes to Financial Statements
December 31, 2014

1. Introduction:

As provided by Louisiana Revised Statute 13:1952, the City Court administers the court system of the City of Natchitoches, Louisiana. The City Court is directed by the City Judge, who is elected to a term of six years.

The accounting and reporting policies of the City Court of Natchitoches conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517.

2. Summary of Significant Accounting Policies:

The accompanying basic financial statements of the City Court of Natchitoches, Louisiana, have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Pronouncements.

A. Reporting Entity-

As the governing authority of the city, for reporting purposes, the City of Natchitoches is the financial reporting entity for the City of Natchitoches. The financial reporting entity consists of (a) the primary government (City of Natchitoches), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the City of Natchitoches for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the City to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.

City Court of Natchitoches, Louisiana
Notes to Financial Statements
December 31, 2014

2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because of item 2 above, the City Court of Natchitoches, was determined to be a component unit of the City of Natchitoches, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Court and do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the government-type activities on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Court's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

C. Fund Accounting-

The financial statements of the City Court are organized into funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in the individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Funds are classified into two categories:

City Court of Natchitoches, Louisiana
Notes to Financial Statements
December 31, 2014

governmental and fiduciary. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the City Court or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the City Court are described below:

Governmental Funds-

General Fund

The general fund is the general operating fund of the Court. It is used to account for all financial resources except for those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Fiduciary Fund-

Agency Funds

Agency funds are used to account for assets held by the City Court in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Court considers the following funds to be major:

Governmental Funds-

General Fund-The General Fund is the principal operating fund of the Court. It is used to account for all financial resources except those required to be accounted for in another fund.

City Court of Natchitoches, Louisiana
Notes to Financial Statements
December 31, 2014

Building Fund-The Building Fund is used to account for the collection of fees as authorized by Louisiana Statute R.S. 13:1910. These funds are dedicated exclusively to the acquisition, leasing, construction, equipping, and maintenance of a new or existing City Court building and for the maintenance and payment of any bond indebtedness on any such existing facilities.

D. Measurement Focus/Basis of Accounting-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Court as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Court considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Court.

City Court of Natchitoches, Louisiana
Notes to Financial Statements
December 31, 2014

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Court maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Furniture, computers, office equipment	5 years
--	---------

Compensated Absences-

Employees of the Court do not accrue or "carry forward" vacation or sick leave, therefore no entry is made to record compensated absences.

Equity Classifications-

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

City Court of Natchitoches, Louisiana
Notes to Financial Statements
December 31, 2014

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The General Fund has an unassigned fund balance of \$9,402. If applicable, the Court would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

F. Budget-

Prior to the beginning of each fiscal year, the City Court of Natchitoches, Louisiana adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

City Court of Natchitoches, Louisiana
Notes to Financial Statements
December 31, 2014

G. Estimates-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reported period. Actual results could differ from those estimates.

3. Cash and Cash Equivalents:

The cash and cash equivalents of the City Court of Natchitoches, Louisiana are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City Court will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Court that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Court's name.

Bank account balances at December 31, 2014, totaled \$205,828, and was fully secured by FDIC Insurance.

4. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2014, is as follows:

Governmental Activities	Balance 01-01-14	Additions	Deletions	Balance 12-31-14
Capital Assets:				
Furniture, computers, equipment	\$102,989	\$4,630	\$14,853	\$92,766
Less: Accumulated Depreciation:				
Furniture, computers, equipment	<u>97,030</u>	<u>2,009</u>	<u>14,853</u>	<u>84,186</u>
Net Capital Assets	<u>\$ 5,959</u>	<u>\$2,621</u>	<u>\$ 0</u>	<u>\$ 8,580</u>

Depreciation expense of \$2,009 was charged to the judicial function.

City Court of Natchitoches, Louisiana
Notes to Financial Statements
December 31, 2014

5. Changes in Fiduciary Fund – Agency Funds:

The following is a summary of changes in agency fund unsettled balances for the year ended December 31, 2014:

<u>Fund</u>	<u>Balance 01-01-14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-14</u>
Civil	<u>\$175,731</u>	<u>\$170,835</u>	<u>\$158,632</u>	<u>\$187,934</u>

6. Pension Plans:

The City Judge is a member of the Louisiana State Employees Retirement System. The Clerk and Deputy Clerk are members of the Louisiana Municipal Employees Retirement System. The City of Natchitoches and City Court contributes the employer portion for these plans.

7. Expenses Paid by Other Governmental Units:

The Clerk of City Court is paid by the City of Natchitoches, and the Natchitoches Parish Government. All other employees of the Court, with the exception of the Judge, are paid by the City Court and the City of Natchitoches.

8. Subsequent Events:

Management has evaluated events through April 23, 2015, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

City Court of Natchitoches, Louisiana
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for Services	\$186,787	\$194,193	\$116,354	\$(77,839)
Fines, Fees & Costs	0	0	4,335	4,335
Miscellaneous	<u>0</u>	<u>0</u>	<u>55,249</u>	<u>55,249</u>
Total Revenues	<u>\$186,787</u>	<u>\$194,193</u>	<u>\$175,938</u>	<u>\$(18,255)</u>
EXPENDITURES:				
Current-				
Judicial-				
Salaries & Benefits	\$147,066	\$154,378	\$ 89,622	\$ 64,756
Office	7,912	7,762	6,161	1,601
Travel & Training	8,055	11,233	11,833	(600)
Operating Expense	15,170	23,178	14,640	8,538
Salary Reimbursement	0	0	70,211	(70,211)
Miscellaneous	0	0	8,302	(8,302)
Capital Expenditures	<u>0</u>	<u>0</u>	<u>4,630</u>	<u>(4,630)</u>
Total Expenditures	<u>\$178,203</u>	<u>\$196,551</u>	<u>\$205,399</u>	<u>\$ (8,848)</u>
Excess (Deficiency) of Revenues over Expenditures	\$ 8,584	\$ (2,358)	\$ (29,461)	\$(27,103)
OTHER FINANCING SOURCES (USES):				
Transfer-In	<u>0</u>	<u>0</u>	<u>12,000</u>	<u>12,000</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	\$ 8,584	\$ (2,358)	\$ (17,461)	\$(15,103)
Fund Balance-Beginning of Year	<u>26,863</u>	<u>26,863</u>	<u>26,863</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 35,447</u>	<u>\$ 24,505</u>	<u>\$ 9,402</u>	<u>\$(15,103)</u>

See independent accountant's review report.

City Court of Natchitoches, Louisiana
Building Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2014

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for Services	\$21,300	\$17,840	\$18,190	\$ 350
EXPENDITURES:				
Current-				
Judicial-				
Office	\$21,122	\$17,815	\$12,361	\$ 5,454
Building & Grounds	0	0	5,830	(5,830)
Total Expenditures	\$21,122	\$17,815	\$18,191	\$ (376)
Excess (Deficiency) of Revenues over Expenditures	\$ 178	\$ 25	\$ (1)	\$ (26)
Fund Balance-Beginning of Year	411	411	411	0
Fund Balance-End of Year	\$ 589	\$ 436	\$ 410	\$ (26)

See independent accountant's review report.

City Court of Natchitoches, Louisiana
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended December 31, 2014

Agency Head Name: Fred Gahagan, Judge

<u>Purpose</u>	<u>Amount</u>
Salary	\$55,249
Benefits-Insurance	0
Benefits-Retirement	25,459
Deferred Compensation	0
Benefits	0
Car allowance	0
Vehicle provided by government	0
Cell phone	1,825
Dues	500
Vehicle rental	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	925
Conference travel	3,906
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	<u>\$87,864</u>

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA – A Professional Corporation
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Fred S. Gahagan
City Court of Natchitoches
P. O. Box 70
Natchitoches, Louisiana 71458-0070

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the City Court of Natchitoches, Louisiana and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the City Court of Natchitoches, Louisiana's compliance with certain laws and regulations during the year ended December 31, 2014, included in the Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

PUBLIC BID LAW

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures found to be in violation.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1424 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the requested list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedures (3) were also included on the listing obtained from management in agreed-upon procedures (2) as immediate family members.

No instances that would fall under the above circumstances were found.

BUDGETING

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budgets. There was one amendment to the budget during the year.

6. Trace the budget adoption to the minute book.

Not applicable.

7. Compare the revenues and expenditures of the budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

Both actual revenues and expenditures for the year were within the 5% variance allowed.

ACCOUNTING AND REPORTING

8. Randomly select 6 disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee:

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account:

All payments examined were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities:

All payments examined were properly approved by the proper authorities.

MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Not applicable.

DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds or any other indebtedness which have not been approved by the State Bond Commission.

We inspected copies of all bank deposits for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds, or other indebtedness that had not been approved by the State Bond Commission.

ADVANCES AND BONUSES

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advances, or gifts.

Inspected payroll records for the year and noted no instances in which payments to employees would constitute bonuses, advances or gifts.

Our prior year report, dated April 24, 2014, did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of City Court of Natchitoches, Louisiana and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

April 23, 2015
Natchitoches, Louisiana

NATCHITOCHES CITY COURT
LOUISIANA ATTESTATION QUESTIONNAIRE

Johnson, Thomas & Cunningham, CPA's
321 Bienville Street
Natchitoches, LA 71457

In connection with your review of our financial statements as of December 31, 2014, and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 31, 2014.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes ☒ No ☐

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes ☒ No ☐

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes ☒ No ☐

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463, where applicable.

Yes ☒ No ☐

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes ☒ No ☐

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief financial officer.

Yes ☒ No ☐

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:1 _____ 1 through 42:13.

Yes ☒ No ☐

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes ☒ No ☐

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

Signed by and title

Fred S. Gahagan - Judge
FRED S. GAHAGAN